

A Work Project, presented as part of the requirements for the Award of a Master's degree in  
Management from the Nova School of Business and Economics.

**BUSINESS PLAN FOR TUNTUM – A PORTUGUESE MODERN FURNITURE BRAND**

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## Abstract

This work project presents a business plan for a modern furniture brand, which sells its products through an online shop. Based on research on the furniture market, customers and competition, recommendations are given to develop the brand, adapt its products and create an effective marketing strategy. A detailed plan for the first 3 years of activity is created, while considering some possible limitations that could harm the business.

## Keywords

Business Plan – Marketing Strategy – Brand Development – Modern Furniture

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## **1. Introduction & Executive Summary**

This work project aims to put theory into practice by building a business plan for Tuntum, a Portuguese modern furniture brand. The goal is to bring the brand (which was in a standstill before) back to life, with a structured plan. This is a real hands-on approach and learning opportunity, as the steps and recommendations given in this business plan are actually going to be taken by the brand in 2021. The business plan contains some usual steps such as market research, description of products and operations, marketing strategy, and financial forecasting. It also is partly based in the STP (Segmentation, Targeting and Positioning) marketing framework. However, unlike traditional business plans, throughout the paper some of the main limitations and potential risks to the business are pointed out, intercepting the text, to allow for some critical thinking and avoid the over-optimism typically expressed in a business plan.

Tuntum sells high-quality and functional modern furniture made entirely of wood and wool, that is uniquely designed and offers customizable features. The proposed targeted customers for the brand are Millennial individuals who have a “higher-cost quality/differentiation focus” and are from one of the following 7 European countries: UK, France, Netherlands, Switzerland, Belgium, Austria and Norway. Findings have pointed out that the brand needs to be more established and trusted before selling to other businesses, yet B2B deals could be growing into the future. Tuntum is a premium brand, selling high-quality and differentiated products. However, its prices should be only moderately high, as it is recommended that they focus on providing the better price/quality relationship in the premium furniture niche. Products will be sold online, through an e-commerce website and online marketplaces. Marketing efforts will be made mainly through social media (Pinterest and Instagram) and the presence in international fairs. Some strategic partnerships with other premium brands are recommended, to improve Tuntum’s products and image. Financially speaking, the business is expected to have a high

marketing spending, turn profitable in the 3<sup>rd</sup> quarter of activity and break-even in the 1<sup>st</sup> quarter of the 2<sup>nd</sup> year.

## **2. Company Background & Problem**

For many years, graphic designer Rui Guimarães was passionate about the furniture industry and had drawn and designed several furniture pieces during his free time. In late 2016, he finally decided to create his own brand and “Tuntum” was born.

Tuntum was created as a modern & contemporary furniture brand, focusing on the quality of the design and materials used. The brand was built and prototypes for some furniture pieces were manufactured (*Appendix 1*), with the goal of being present in Maison & Objet 2017 (a major fair for interior design, in Paris). In the following two years, APIMA (Associação Portuguesa das Indústrias de Mobiliário e Afins, a Portuguese furniture association) sponsored Tuntum’s presence in some other fairs around the world, such as the International Contemporary Furniture Fair in NY and Interior Lifestyle Tokyo.

The fairs resulted in a big contact list of people interested in Tuntum, who really liked the pieces, from interior designers, to retailers or even private customers. It also brought some media exposure to the brand, as it got featured in many magazines and websites, such as Elle Décor, Vogue, Architectural Digest, among others (*Appendix 2*). However, all this exposure did not materialize in significant sales, as the brand only sold 7 pieces of furniture. Many of the interested contacts (who were planning big orders) ended up giving up due to the very high prices practiced. They loved the furniture, but said prices were too high, especially because they needed to add a mark-up to the wholesale prices, which at the time were around 1500-2000€ apiece, to resell them for a profit (*Appendix 3*). After that, Tuntum came to a standstill and did not make any major moves in 2019/2020.

In this paper, a new and revamped product line and business plan will be developed to bring the brand back to life.

### **3. Segmentation & Targeting**

In this section, we will understand to whom Tuntum will sell its products. “Understanding customer needs and identifying market opportunities is the starting point in formulating a company’s marketing strategy” (Chernev, 2014). Only then can the brand optimize its offerings to be successful in the market.

#### **3.1 By Customer Type**

The most obvious segmentation criteria in Tuntum’s case is the customer type. Three main customer types can be identified: Individual customers (B2C); Retailers (B2B); and Interior Designers (B2B). To better understand the different needs of these customers when choosing furniture, one representative of each customer type was hand-picked and interviewed: an individual customer from the targeted demographics (more details in section 3.2); a responsible for purchasing in a furniture retailer; and an experienced interior designer. With that information, the target customers will be picked based on a match between their needs and Tuntum’s strengths as a brand. “Identify what you have that’s of value, find the right customers, and tweak things accordingly” (Kidder, 2012).

Among other questions about their buying behaviour, each interviewee was asked to give a score from 1 (not important at all) to 10 (very important) for each of the following criteria when buying furniture: Price; Design/Aesthetic appeal; Materials/Quality; Functionality; Ability to customize; Easiness to mount; Delivery time; Trust in brand.

Individual customer: Maria is a Millennial who just bought and decorated her new house. When asked about her furniture choices for the new house, she said: -- *“We bought some of the furniture at IKEA, because we think the price/quality relationship is good. We didn’t buy more there, because we didn’t want our home to be the same as everyone else’s. We didn’t mind paying more for some unique and quality pieces”* -- This shows that individual customers are willing to pay more for higher quality and unique furniture pieces. It is also interesting to note the need for customization: -- *“We ordered some furniture pieces because we wanted the colours, materials and dimensions to fit better our home. Many times, it was because of the materials, we wanted a specific tone of wood”* -- Another interesting point raised by the interviewee, which could prove useful for Tuntum’s marketing was: -- *“Most of the times we look for inspiration and ideas on Pinterest, and then we go search online. Most of my friends also use Pinterest for everything related with decoration”* -- She also made some remarks when asked about Delivery Time: -- *“I don’t mind waiting for 1 or 2 months for a unique furniture piece, it doesn’t really matter”* -- As for the scores given by Maria to the different criteria: Price - 7; Design/Aesthetic appeal - 10; Materials/Quality - 9; Functionality - 10; Ability to customize - 8; Easiness to mount - 8; Delivery time - 2; Trust in brand - 4.

Retailer: Josh (fictitious name for confidentiality purposes) is responsible of purchasing for a furniture retailer with stores in European cities. When asked about his criteria for choosing furniture, he said: -- *“I look mainly for unique, beautiful and functional pieces. Pieces which go with each other are also a plus. Looks are very important”* -- Also, talking about prices: -- *“We need them to be reasonably low, since we then need to mark-up the price, to have a margin that justifies us selling the furniture piece. If the piece gets to us at a high price, it will be difficult for us to sell to the final customer at a profit”* -- The final scores by Josh were: Price - 9; Design/Aesthetic appeal - 10; Materials/Quality - 7; Functionality - 8; Ability to customize - 7; Easiness to mount - 5; Delivery time - 7; Trust in brand - 8.

Interior designer: Nini Andrade Silva is an awarded Portuguese interior designer (website: <http://www.niniandradesilva.com>), who regularly works in Hotel Interior Design projects. When asked about how they pick the furniture for the Hotels, Nini said: -- *“Usually we design the furniture pieces and the factories produce them. But of course, we also buy furniture from some brands, if it’s a special piece. When we pick a brand, we must be sure it is well positioned, that we won’t have any problems. If for example the piece is damaged, we need to be sure the brand will solve the problem. Even if a furniture piece is beautiful, we won’t buy from them unless we trust 100% in the brand”* -- This shows that there is a possibility to sell to interior designers/hotels, yet the focus should be on gaining the market’s trust first. Being successful with this customer type also demands more from a brand, as the scores given by Nini to the different criteria show: Price - 10; Design/Aesthetic appeal - 10; Materials/Quality - 10; Functionality - 10; Ability to customize - 10; Easiness to mount - 7; Delivery time - 10; Trust in brand – 10.

Based on the interviews and the needs of the three customer types, the chart in *Appendix 4* is obtained. Tuntum’s target should be selling to individual customers, as their needs fit more closely with the brand’s strengths and capabilities (this fit will be further justified in section 4.1), such as Design/Aesthetic appeal, Materials/Quality and Functionality, whereas they do not value that much some criteria where Tuntum still needs to improve, such as Delivery Time.

--- (Limitation 1 – Are customers willing to wait 6-7 weeks for the furniture? This is an assumption based on the interview of one of Tuntum’s target customers and given that customers understand that a custom-made product takes longer to be ready. However, this assumption could be wrong and individual customers could be more sensitive to delivery time than expected. If that is true, Tuntum will have to find a solution to reduce that time (such as a new manufacturer or transporter), probably decreasing the brand’s profit margin.) --- This does not mean that deals with the two other customer types are off the table, just that the focus, at



least for now, will be selling to individual customers. In the future, when Tuntum has a stronger brand, with more recognition and bargaining power with manufacturers, it might make more sense to delve into the B2B scene. --- (Limitation 2 – Can Tuntum keep up with high demand? As the brand depends on a factory to produce its furniture, the factory must be able to deal with large orders. Although they have some big clients and are used to large orders, this could be a problem. Once again, finding a new manufacturer could be needed.) ---

### **3.2 By Demographics/Behaviour**

To narrow down Tuntum's target customers further, individual customers must be segmented. Tuntum can then focus its efforts on providing value to those specific targeted customers. "To create value, you have to choose to serve some constituents really well and not worry about the others" (Lafley, 2013). The two main segmentation variables that will be used are: Generation and Price Sensitivity.

Generation: Baby Boomers (born between 1946-1964), Generation X (born between 1965-1976) and Millennials (born between 1977-1997) will be considered as the only generations within the age range where a person would probably buy furniture. The main differences between generations that could be important for Tuntum are their consumer spending in furniture and how internet-savvy they are.

In terms of consumer spending, data from two studies in the UK (*Appendix 5*) and USA (*Appendix 6*) show that Millennials are clearly the generation with the biggest average furniture spending. This makes sense, since many Millennials are at a time of their lives where they are buying their first house and, consequently, furniture. In fact, according to a US study in 2017: "One consistent finding for the last four years of reports has been that buyers 36 years and younger (Millennials/Gen Yers) is the largest share of home buyers at 34 percent. Sixty-six percent of these buyers were also first-time home buyers. The largest cohort in America is

growing up and becoming more traditional in their buying habits” (National Association of Realtors, 2017).

In terms of how internet-savvy these generations are, it is safe to say that the younger the generation is, the more comfortable with technology its members are. In fact, Boomers could be considered as the “Early information technology adaptors”, Gen Xers as the “Digital Immigrants” and Millennials as the “Digital Natives”. Since Millennials are the most internet-savvy generation, with the biggest spending in furniture, they will be Tuntum’s target generation. Millennials are accustomed to buying online and using social media as a source of inspiration and advice. Tuntum must use that to the brand’s advantage.

Price sensitivity: When it comes to price sensitivity, two main segments can be identified: “low-cost orientation” and “higher-cost quality/differentiation focus” (Wood, 2017). As their names indicate, in the first segment typically are people with lower income, which mainly value functionalities at the lowest price possible. On the other hand, in the second segment typically are people with a higher income. They are willing to pay a higher price for products that have more quality or are differentiated from the rest.

Tuntum’s target customer segment is “higher-cost quality/differentiation focus”, as the brand produces high-quality, unique furniture pieces, which are sold at higher prices.

### **3.3 By Geography**

The last important segmentation criteria is geography/location. Portugal is a big producer of furniture and has a clear positive balance of trade. In 2019, Portugal exported 844,828 thousand dollars in the product category (9403 – Furniture and parts), while the imports were only of 399,677 thousand dollars (Trade Map, 2020). Although it is a great country to base its operations from, where many possible manufacturers exist, the market is saturated and most consumers are very sensitive to price. This means that Tuntum should not rely on selling to

Portuguese customers only. As Tuntum sells its products online, it can sell to, virtually, any country in the world. Although a possible customer could come from any country, some main target markets/countries are selected so that the brand's marketing efforts can be directed at them and potentially more effective.

To do that, a list of the 20 countries with the most imports of the product category in 2019 is selected, as these are markets with a significant size to target: USA, Germany, UK, France, Canada, Netherlands, Japan, Switzerland, Australia, Belgium, Austria, Spain, Italy, Sweden, China, Norway, United Arab Emirates, Poland, Saudi Arabia and South Korea. From this shortlist, the countries with a positive balance of trade (exports > imports) in this product category (Germany, Spain, Italy, Sweden, China and Poland) will be removed, to avoid saturated markets. The remaining possible target markets include: USA, UK, France, Canada, Netherlands, Japan, Switzerland, Australia, Belgium, Austria, Norway, Saudi Arabia, UAE and South Korea. All these countries have a relatively high purchasing power, a high demand for furniture and probably would appreciate Tuntum's products. However, it makes more sense for the brand to target the markets it can more easily reach. So, at least in an initial phase, the countries outside of Europe (USA, Canada, Japan, Australia, Saudi Arabia, UAE and South Korea) will be removed from the list. They are attractive markets for the brand, but the shipping costs and time, plus the importing taxes would be an obstacle in the way of Tuntum.

Finally, the shortlist of Tuntum's main target markets/countries is the following: UK, France, Netherlands, Switzerland, Belgium, Austria and Norway. They have a big demand for furniture (present in the top 20 list of importers and with a negative balance of trade in the product category 9403 – Furniture and parts), a high consumer purchasing power and are geographically close to Portugal (this means shipping time and costs are significantly lower). For those reasons, these 7 countries have the right criteria to be successful target markets for the brand.

## 4. Positioning

### 4.1 Optimal Value Proposition

“An offering’s value proposition delineates the value - defined by the specific benefits and costs - that target customers will receive from the offering” (Chernev, 2014). Tuntum must differentiate itself from other furniture brands by offering more value to the targeted customer segments, which are faced with a multitude of options in the market.

The target customers were already identified (Millennials with a “higher-cost quality/differentiation focus”), but a matching between their needs and Tuntum’s capabilities must be done. Maria, the individual customer interviewed earlier in this paper, can be considered as part of the target customer segment of Tuntum, as she is a Millennial and “*didn’t mind paying more for some unique and quality pieces*”. Therefore, her criteria scores could be used to understand Tuntum’s customers’ main needs. By descending order, her main criteria when picking furniture were: Design/Aesthetic appeal; Functionality; Materials/Quality; Ability to customize; Easiness to mount; Price; Trust in brand; Delivery time.

So, considering Tuntum’s target customers’ needs, the brand’s and its collaborators’ capabilities, an Optimal Value Proposition will be created (*Appendix 7*). According to Chernev (2014), an offering can create value across three domains: functional (“benefits and costs directly related to an offering’s performance”); psychological (“psychological benefits and costs associated with the offering”); and monetary (“monetary benefits and costs associated with the offering”). This is how Tuntum’s offerings will create value:

#### Functional value:

- Beautifully designed: Tuntum’s pieces are originally designed by the brand. All pieces have a unique design, yet follow a similar style and complement each other, creating an aesthetically appealing collection.

- Functional: All Tuntum furniture pieces are designed for functionality. Besides having different purposes (desks, cabinets, tea carts, etc...), they all contain smart functional details, such as allowing the storage of various items.
- Quality materials: Tuntum's furniture pieces only contain two materials, of the highest quality: Wood and Burel (a fabric made entirely of wool, traditionally used in the Portuguese cold mountains).
- Quality manufacturing: All furniture pieces are Made in Portugal, by a local industry with decades of experience and high-quality craftsmanship.
- Customizable: The furniture pieces are customizable, such as the colour of the Burel details or the wood tones, so the customer can create his ideal piece.
- Easy process: The entire process of buying from Tuntum runs smoothly, from the moment the customer enters the website, until the moment the furniture piece is in his house. An easy-to-navigate website, allows the customer to pick and customize furniture pieces, which are then carefully shipped to his house, ready to mount in a matter of minutes.

#### Psychological value:

- Unique: As the furniture is customizable, customers can create unique pieces, which no one else owns. The pieces become a welcoming part of the living space.
- Luxurious: The furniture pieces have a luxurious feel to them, from their design and materials. This can create emotional and self-expressive benefits such as social-status and lifestyle.

#### Monetary value:

- Price/quality relationship: Tuntum offers a great price/quality relationship to customers, as

the materials and manufacturing are of very high-quality, yet prices are affordable, when compared to other high-quality brands.

- Profitable: Margins are sufficiently high to create value for the company and its collaborators.

## 4.2 Competition & Differentiation

The competitive landscape in the modern furniture market is quite broad, with brands providing offerings that appeal to different customer segments. To understand Tuntum's positioning in the market in relation to some of its competitors, a perceptual map was created. For simplification purposes, the different criteria a customer can have when picking a furniture brand were reduced to three main dimensions, which capture the most important points for the customer. These dimensions are: Quality - including the materials used, the design and functionalities of the pieces (vertical axis); Ability to customize - to pick the materials/colours/sizes you wish - delivery times are usually correlated with this dimension, as a customized product will have longer delivery times than a mass-produced one (horizontal axis); and Price (size of the circle representing the brand).

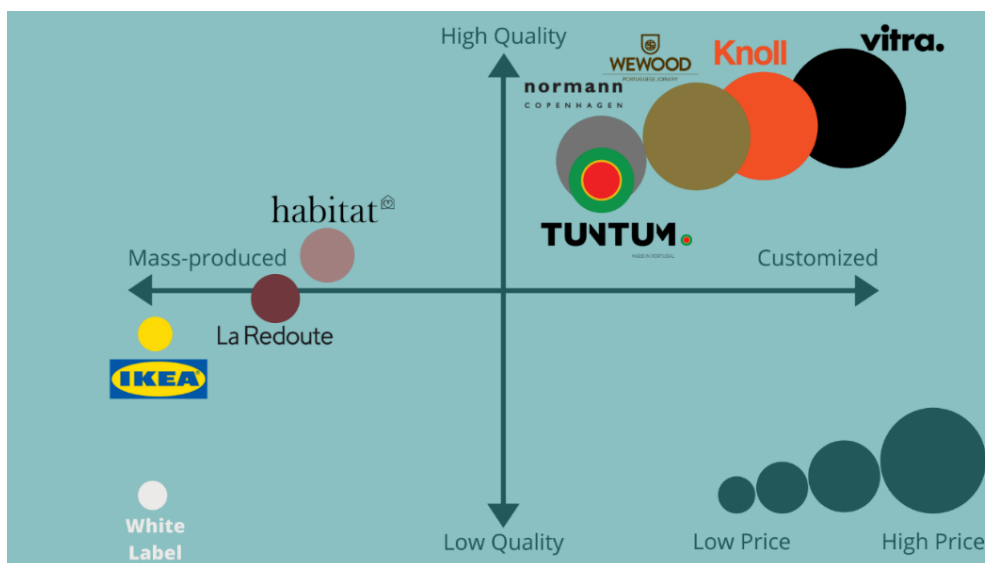


Figure 1 - Tuntum's perceptual map

The map shows the different positionings of the brands (represented by the different circles), and to what kind of customer segments they might appeal to. This helps to figure out which

competitors are direct competition (similar offerings that could appeal to similar customer segments) or indirect competition (significantly different offerings).

Indirect competition: Firstly, the brands aiming at the “low-cost orientation” customer segment, such as white labels and Ikea. Ikea has standardized furniture pieces that are mass-produced, which gives them economies of scale and allows them to provide pieces with a relatively good quality and design, at a reduced price. This also makes it more difficult to compete in the “low-cost orientation” segment; Then, the premium brands aiming at customer segments with a “higher-cost quality/differentiation focus”, very high income and purchasing power (“the one percent”), such as Vitra, Knoll or Wewood. These brands sell high quality designer furniture pieces with customizable options. Yet, these characteristics come at a price that only a select few consumers can afford, with pieces selling at least for a few thousand euros each.

Direct competition: Brands such as La Redoute and Habitat have a slightly higher perceived quality than Ikea and differentiated products, but with higher prices. Their furniture pieces usually appeal to middle-class/income customers looking for some differentiated pieces for their homes; Also, designer furniture brands such as Normann Copenhagen offer unique, original pieces which allow some customization from the customers, but come at a higher price (still cheaper than Vitra, Knoll, Wewood).

These are considered direct competition because their offerings could appeal to the same customer segment that Tuntum targets, with a “higher-cost quality/differentiation focus”. However, as the Value Proposition points out, Tuntum aims at offering high quality and customizable furniture at a reasonable price, thus differentiating itself from these brands, among other things (such as the unique design, materials and functionalities), through a better quality/price relationship (as seen in the map, Tuntum is located next to the premium brands, but has a much smaller circle/lower prices than Normann Copenhagen, more similar to the ones

practiced by La Redoute/Habitat, which have much less quality). --- (Limitation 3 – Will potential customers perceive and value the better quality/price relationship offered by Tuntum? The brand’s success might be dependent on customers perceiving the pieces as high-quality and unique, while appreciating the non-exorbitant prices. The brand image and marketing efforts must successfully pass this message.) ---

### 4.3 Products

The new and improved Tuntum collection has 5 pieces. They are beautifully designed, for aesthetic appeal and functionality. The new collection offers more diversity (pieces with different purposes, such as working desks, sideboards, tea carts or speakers), more functionality and customization. The new pieces are not made of solid wood in some parts that do not need to be very sturdy (such as legs), but of plywood with a thin outer layer of wood veneer. This not only makes manufacturing much less expensive, but also makes them much lighter and easier to transport, without sacrificing the aesthetic appeal. This is the new collection, with some small descriptions that will be present in the online shop (more photos in *Appendix 8*):

Scriba: Give room to your creativity, be it writing, drawing or something else, with the Scriba secretary desk. Drawers, shelves, slots for your smartphone and pens, passing slots for computer or electronic device cables, all protected from intrusion beneath a customizable wool fabric



Figure 2 - Scriba furniture piece by Tuntum

sliding cover, provide a great working space. The natural wood touch will certainly inspire your work. As usual with Tuntum's designs, there is a great selection of colors to choose from for the sliding cover.



Sofia: It's tea time! Sofia is a service trolley, with a detachable tray and a front pocket bag, perfect to carry the scones and tea paraphernalia. It offers great storage behind the wool fabric sliding doors, being a perfect companion for your meals, or perhaps just to carry around stuff you need. As usual with Tuntum's designs, there is a great selection of colors to choose from for the sliding doors.



Figure 3 - Sofia furniture piece by Tuntum

Ritmo: It's a sideboard. No, it's a speaker... No, it's both: a sideboard and a bluetooth speaker. Just turn the on/off/volume knob, pair it with your smartphone and let it rock! The left side gives plenty of storage with adjustable shelves, and the right side,



Figure 4 - Ritmo furniture piece by Tuntum

music. Designed to provide a sound system without its technical look and at the same time being a prized item in your home or office space.

Irene: A customizable, beautifully crafted wood and wool fabric sideboard that will fit perfectly in any living room, or wherever you find suitable. The possibility of choosing the color of the wool fabric sliding doors, to better match its location, gives you endless combinations. You will also



Figure 5 - Irene furniture piece by Tuntum

have plenty of hidden and visible storage spots of different dimensions. There are even top slots to secure some bottles or perhaps magazines.

Helena: A modern approach to a utility desk, providing a lot of storage space with a big drawer (or shelf, according to your preference) designed to keep all things needed. With sturdy wood legs and a lot of stability, it can be a great desk, or even a central asset in any room, as the drawer/shelf is accessible from both sides.



*Figure 6 - Helena furniture piece by Tuntum*

## **5. Marketing Strategy & Channels**

The marketing strategy & channels will be following a Build-Measure-Learn cycle, introduced in The Lean Startup (Ries, 2011). This means Tuntum will be starting with MVPs (Minimum Viable Product) when building its e-commerce website or ads on social media, then constantly measuring the efficacy of what was built with the help of analytics, learning what worked well (or not) and tweaking things accordingly, in order to come up with the best possible solutions.

### **5.1 Points of sale**

Tuntum's main point of sale will be an e-commerce website, as this will allow Tuntum to reach customers virtually anywhere and at a low cost. --- (Limitation 4 – Do people buy furniture online? Although an estimated 15% of furniture is bought online (the number is expected to keep growing) and the target customers are Millennials, this could be a limitation for Tuntum. A business plan contemplating physical showrooms in some targeted cities could be an alternative. But, of course, margins would be seriously hurt, or selling prices would have to increase.) --- The online shop will be developed through Shopify, to have a good-looking and functional shop, without having to hire software engineers to build it from scratch. On top of that, Shopify has built-in analytics capabilities, which are crucial to allow easy understanding

of what products are bringing more attention, which images are working best, among other things (perfect for the Build-Measure-Learn cycle). The website should have some important features that are valued by the final customers, such as being mobile-friendly, which is extremely important to younger generations (such as Millennials, the target generation). In 2019, 42% of all online shopping done by Millennials in the US was through smartphones (*Appendix 9*). Another important feature is the inclusion of reviews in the product pages. “Nearly all Millennials (97%) read online reviews before selecting a business, and 89% trust those reviews” (Fertik, 2019).

Tuntum will also sell its products in some online furniture marketplaces, such as Etsy and Archiproducts. The furniture pieces sold through these marketplaces will have tighter profit margins. However, the brand will have easy access to a wider audience without advertising costs. Etsy would provide a gateway into millions of individual customers, including Tuntum’s target audience. Archiproducts, on the other hand, would provide access to a network of 1.7 million registered professionals, such as Interior designers, Architects and Resellers. Despite not being the brand’s target audience, this segment could prove very lucrative as sales could potentially come in larger orders.

## **5.2 Marketing Tools**

Diverse marketing tools will be used to promote Tuntum’s brand and products. This way, potential customers will be attracted from multiple sources, reaching a wider audience.

Website: The brand website will act not only as an online shop, but as the first and central marketing tool. It must have high-quality content (text, images, videos) that reinforce the brand image and its products.

Social Media Marketing: Social media presence is crucial when attracting Millennials. It allows a more informal contact with the brand and to see the opinions of peers about it. In the case of

Tuntum, the most fitting platforms would be Pinterest and Instagram. Pinterest is widely used to spark inspiration for home decoration, as our Millennial interviewee, Maria, confirmed: *“Most of the times we look for inspiration and ideas on Pinterest, and then we go search online. Most of my friends also use Pinterest for everything related with decoration”*. Although Instagram does not appeal especially to such a specific niche as Pinterest (home decoration), it is a more widely used social media that still appeals to Millennials and could help Tuntum reach a bigger audience.

Paid advertisement in both Pinterest and Instagram could be a great tool to create awareness for the brand and acquire new customers, as they allow the brand to target people using different criteria such as Age, Location, Interests or even some Life Events. The brand could try different target audiences and see which work best, for example targeting newlyweds or people who recently moved (possibly looking for furniture). In *Appendix 10* are examples of some targeting features possible in Pinterest and Instagram, that would match with Tuntum’s target audience.

Therefore, Tuntum could easily direct its advertisements to its target customer segments (as previously determined in section 3) and make them more effective. Tuntum should use this tool and master its use with the Build-Measure-Learn cycle. Shopify has partnerships with both social media, and the online shop can easily be integrated with the Pinterest and Instagram accounts, to provide analytics tools. With these analytics capabilities, Tuntum can understand which type of advertisements, which platform and which audiences have the best results and tweak things accordingly, making the advertisements more and more effective as they go through the Build-Measure-Learn cycle, and lowering the Customer Acquisition Cost (CAC).

E-mail marketing: Another tool that Tuntum should use to promote its products is e-mail marketing. The brand has a quite substantial customer database with contacts gained in the various fairs/events/awards it has participated in over the years. This client database will also

increase in size with time, as Tuntum attracts more interested customers. This will allow easy and free targeting of customers that have already purchased from Tuntum or at least were interested in the brand (from individual customers, to resellers, press or interior designers).

Digital platforms: Finally, the last tools to be used by Tuntum are a couple of digital platforms (Architonic and MOM). “Architonic is the number-one online community for architects, designers, home-owners and design enthusiasts. 16 million visitors a year choose Architonic as their guide to the very best of current design” (Architonic, 2020). “The MOM digital platform helps professionals in decor, design and lifestyle to source new products and contact new suppliers” (Maison & Objet, 2020). Being present in both these platforms has a cost (although Tuntum is currently in MOM for free, for being present in their fair previously), yet, they provide a place to reach an audience of professionals interested in design furniture, which could bring bigger orders.

It is crucial that Tuntum passes a consistent message to its customers in all these media, reinforcing the brand and its key points of differentiation. This is all part of Integrated Marketing Communications (IMC): “coordinating content and delivery of all marketing messages in all media for an organisation, product or brand” (Wood, 2017).

## **6. Operations**

### **6.1 Manufacturing & Shipping**

The furniture pieces of the brand will be manufactured in a factory near Paredes, in the North of Portugal. As said before, a local industry with decades of experience and high-quality craftsmanship. This particular factory has experience working with international and renowned furniture brands. They have manufactured the prototypes of Tuntum’s new collection of furniture pieces and there’s already some trust between both parts. After the wooden furniture

pieces are finished, the Burel (wool) details are added by Tuntum, which have previously been handmade by a contracted seamstress. The furniture pieces are then carefully shipped with some parts unassembled (depending on the piece), to make shipping easier and cheaper.

The entire manufacturing and shipping process is expected to take about 6-7 weeks. The pieces will be accompanied with an instruction pamphlet, which the final customer can use to make the final assembly of the furniture. The instructions are very easy and quick to follow, as the pieces come with just a small part unassembled (such as the legs).

Shipping will be available worldwide, and the costs, which will be charged to the customer, depend on both the furniture piece ordered, and the area of the world where the customer is from. Total shipping costs for each piece of the new collection can be found in *Appendix 11*.

## **6.2 Strategic Partnerships**

Tuntum could explore some strategic partnerships to improve its products and image, while reducing costs:

Burel: Burel makes the material used in most of the furniture pieces (besides wood) and is the most obvious partnership that could benefit Tuntum. Through a partnership, Burel would provide discounted prices on its material, while benefiting from large orders from Tuntum. On top of that, being two companies from the North of Portugal which share some values, the partnership could improve both brands' image. In promotional materials, or in their websites, the brands would organically promote each other.

Bose: A partnership could be made with Bose (or another premium speaker brand) for the manufacturing of the Ritmo furniture piece. The Ritmos would include Bose speakers sold to Tuntum at a discounted price. This would give Tuntum the ability to sell Ritmos with high quality speakers, without increasing the price or sacrificing the margins, while improving the brand image through an association with another premium brand.

Nespresso: A partnership with Nespresso (or another premium coffee brand) could be made with the creation of a new furniture piece, especially designed for Nespresso. The idea is to create a cart (in some way similar to Sofia, one piece of Tuntum's collection) that could hold a Nespresso machine and capsules, as well as a hidden battery pack. These



*Figure 7 - Nespresso cart concept by Tuntum*

could be used by Nespresso in its stores, in events or even by restaurants, for example to have a portable and elegant way of serving coffee. Tuntum would benefit not only because of the sold pieces, but also through the improvement of its premium brand image, in association with Nespresso.

In the future, more strategic partnerships could be explored to increase Tuntum's sales volume. However, it is important that all brands Tuntum chooses to partner/associate with, sell quality products and are seen as premium brands. This way, Tuntum's high-quality/premium brand image can be reinforced with the association with them.

## **7. Financials**

### **7.1 Manufacturing Costs & Product Pricing**

The general manufacturing costs of the furniture pieces are the following (although each piece includes a different combination of these costs): factory cost of production of the wood piece (oak or ash); Burel fabric; Seamstress (who makes by hand the Burel pieces, such as the blinds); Other parts (such as parts to toughen the blinds); Speakers & parts; Wheels; and Packaging (Shipping costs aren't considered here as they will be directly charged to the customers).

Manufacturing costs are expected to decrease over time, thanks to economies of scale. In the 1<sup>st</sup> year, the average cost of a furniture piece is expected to be 630€, which should decrease to 584€ and 542€ in the 2<sup>nd</sup> and 3<sup>rd</sup> year. The detailed expected manufacturing costs of each piece can be found in *Appendix 12*.

As for the selling prices of the furniture pieces, they should stay the same over the years, but were calculated by putting a 40% mark-up on the manufacturing costs expected for the 1<sup>st</sup> year. So, it is expected that the gross margin improves over time, as manufacturing costs decrease and selling prices are maintained. The average selling price of a furniture piece is expected to be 882€ (750€ for B2B/direct contacts). The expected selling price of each piece can be found in *Appendix 13*.

## **7.2 Revenues** (*Appendix 14*)

Tuntum's revenues are expected to come from 3 different streams: E-commerce Website; Online Marketplaces; Direct Contact.

The e-commerce website is expected to be the main source of revenues. Sales in the website are expected to be of around 20 pieces in Q1 2021, and grow at a high rate of 20% QoQ (Quarter-over-Quarter), as the marketing spending to bring traffic to the website should also increase 15% QoQ (more details on section 7.3 Costs).

The online marketplaces (Etsy and Archiproducts) are expected to be the smallest revenue stream, as no particular marketing will be done to bring traffic. Therefore, only 10 pieces are expected to be sold in Q1 2021 and a lower growth rate of 10% QoQ is expected, reflecting simply the growth of the marketplaces themselves and an improvement of the brand's offerings/presentation.

Direct contact revenues are expected to be made from B2B (Business-to-business) deals, and from the contact list the company has. The furniture pieces are sold directly and at a discounted



price (15% discount), as orders are expected to be in larger quantities. 5 pieces are expected to be sold in Q1 2021, with a 20% growth rate QoQ, thanks to a growing contact list gained from the presence in furniture/decoration fairs and the digital platform Architonic.

On top of the mentioned specific drivers to the revenue growth rate in each stream, it is expected that the improvement of Tuntum's brand image, products and marketing effectiveness contribute to the forecasted growth rates of all revenue streams.

Expected total revenues are of 160,317€ (1<sup>st</sup> year), 324,738€ (2<sup>nd</sup> year) and 650,270€ (3<sup>rd</sup> year).

### **7.3 Costs** (*Appendix 15*)

On top of the Cost of Goods Sold (already analysed in section 7.1), Tuntum will have Personnel costs, Marketplace fees, Marketing spending and Miscellaneous costs.

Personnel costs are expected to be 0€ in the 1<sup>st</sup> year, as the owner has another source of income and does not need any personnel. In the 2<sup>nd</sup> year, 12,000€ costs are expected, as a marketing specialist will be hired, to run social media accounts and ads, with capabilities in analytics and SEO (Search Engine Optimization) as well. In the 3<sup>rd</sup> year, personnel costs are expected to jump to 68,000€, as the owner will start working on Tuntum full-time and a salesperson will be hired, to attend fairs, manage and attract more customers.

As for Marketplace fees, Etsy and Archiproducts have total fees of about 7%, and so, the total fees over the 3 first years are expected to be of 3,027€, 5,004€ and 7,846€.

Marketing spending is divided by Social Media Ads, Architonic Platform Subscription, and the presence in Furniture/Decoration Fairs. Social media ads should have a cost per conversion around 147.06€, considering an average cost per click in social media of 1€ and a median conversion rate of furniture e-commerce websites of 0.68% (GrowCode, 2020). Social media

ads spending should grow at around 10% QoQ to push sales growth higher. The total expected marketing costs per year are: 37,650€, 43,985€ and 53,260€.

Finally, Miscellaneous costs such as Office Rent & Utilities, Legal & Account and Shopify Subscription should be of around 2,320€ in the 1<sup>st</sup> year (no office needed since there is no personnel and owner still has office for the other source of income), and 10,320€ for the 2<sup>nd</sup> and 3<sup>rd</sup> years.

Expected total costs are of 160,252€ (1<sup>st</sup> year), 292,212€ (2<sup>nd</sup> year) and 551,108€ (3<sup>rd</sup> year).

#### **7.4 Investment Requirements and Expected Profit & Loss** (*Appendix 16*)

Initial investment requirements shouldn't be very high, as most things necessary to start the business are done independently by the owner, such as building the e-commerce website, designing the furniture pieces, taking pictures of the pieces (*Appendix 17*) and doing the graphic design. On top of that, furniture pieces are made-to-order, so no inventory costs should exist.

The investment needed would be of about 3,000€ to cover for the losses in Q1 and Q2 2021, mainly because of the marketing spending needed to bring traffic to the e-commerce website at an initial stage. On top of that, an investment of around 3,500€ was already done to manufacture the prototypes.

The business is expected to turn profitable in Q3 2021 and break-even in Q4 2021.

## 8. References

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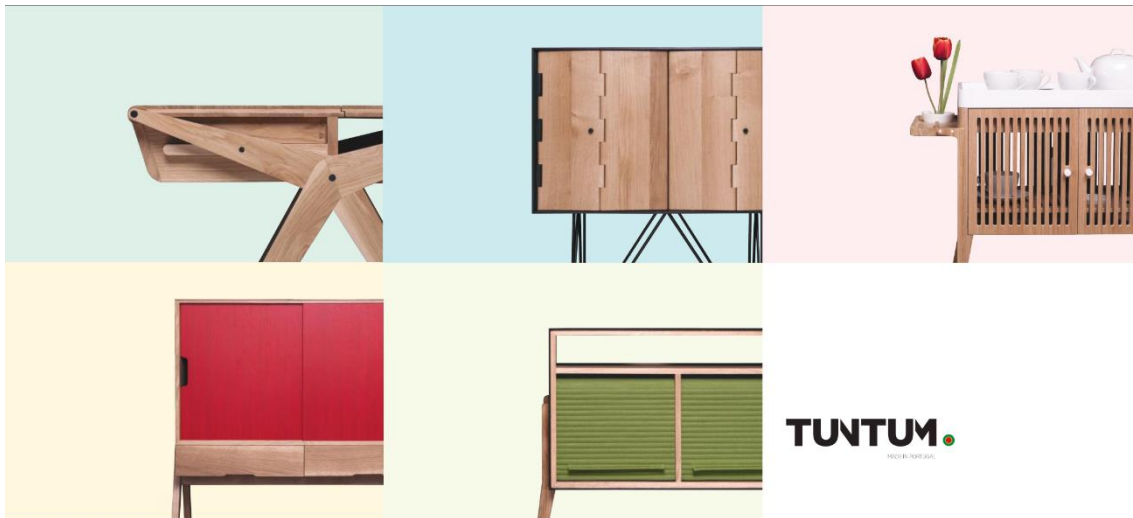
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## 9. Appendix

### Appendix 1 – Tuntum's first furniture collection



### Appendix 2 – Tuntum's media exposure

Tuntum highlights in the media

ELLE  
DECOR

VOGUE

INTERNI

AD  
ARCHITECTURAL DIGEST

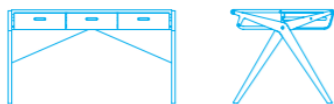
Thank you all



## Appendix 3 – Wholesale and proposed retail prices for Tuntum’s first collection

### OUR PROFESSIONAL PRICES & CONDITIONS

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Balbina

Your price	Proposed selling price
2.160 €	3.600 €

Version using oak finished plywood on the large surfaces. Drawers and legs in solid oak

1.980 €
---------



Carlota

Your price	Proposed selling price
1.420 €	2.360 €

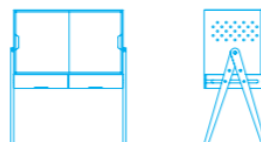


Saide b

Your price	Proposed selling price
1.990 €	3.340 €

Set of 3 shutter doors

160 €
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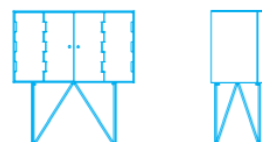


Urró

Your price	Proposed selling price
1.440 €	2.400 €

Black doors version

1.480 €	2.480 €
---------	---------



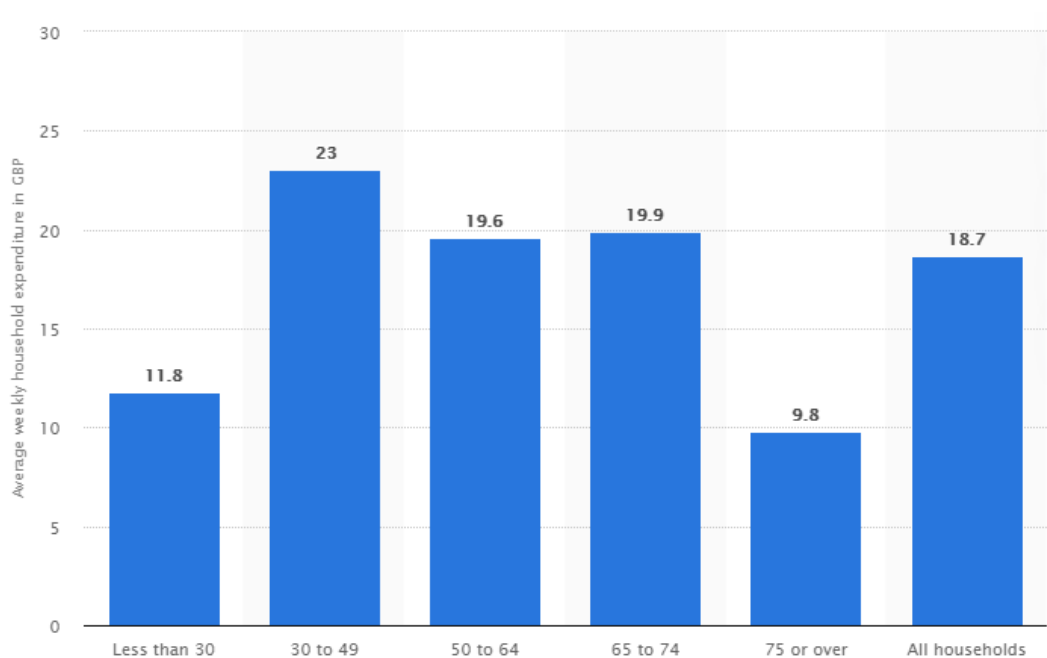
Zulmira

Your price	Proposed selling price
2.070 €	3.450 €

#### Appendix 4 - Criteria for choosing furniture (for 3 customer types)



#### Appendix 5 – Average weekly household expenditure on furniture and furnishings in the United Kingdom (UK) in 2019, by age of household reference person



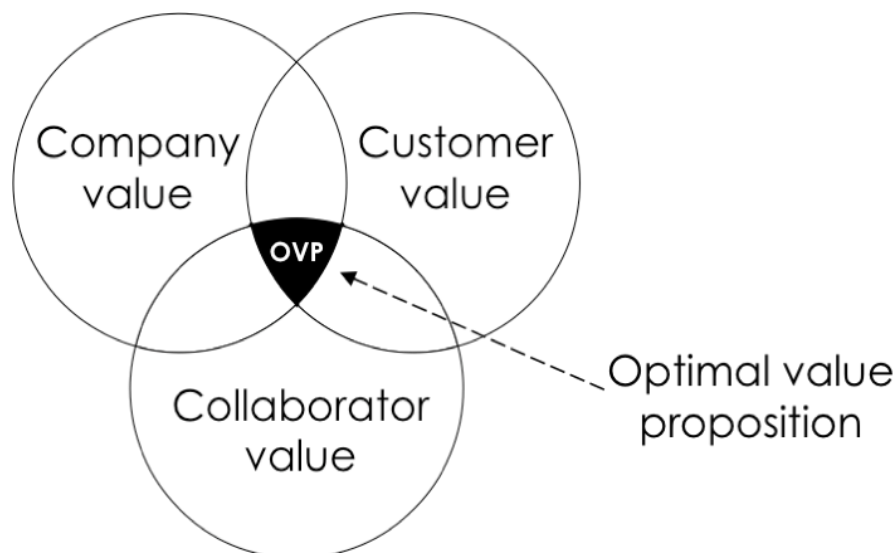
<https://www.statista.com/statistics/502944/furniture-weekly-uk-household-expenditure-by-age/>

Appendix 6 – Furniture expenditures by age group in the USA (2017)



<http://hfbusiness.com/CurrentIssue/CurrentIssueModule/articleid/18659/statistically-speaking-characteristics-of-top-spending-households>

Appendix 7 – Chernev's Optimal Value Proposition



Appendix 8 – More photos of Tuntum's new furniture collection

Scriba

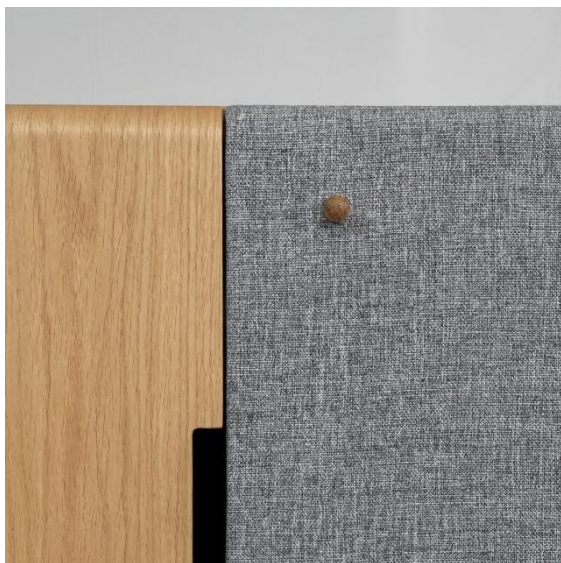


Sofia





Ritmo



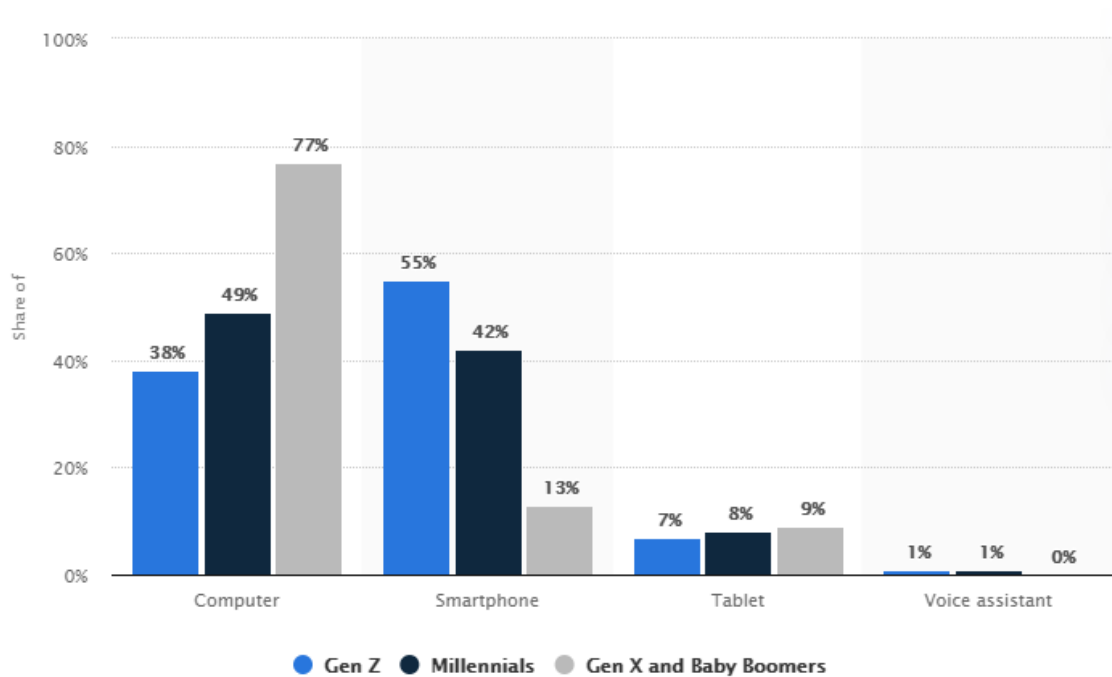
Irene



Helena



## Appendix 9 – Devices most frequently used for online shopping among consumers in the United States in 2019, by generation



<https://www.statista.com/statistics/518925/online-shopping-device-share-age/>

## Appendix 10 – Some targeting features in Pinterest (left) and Instagram (right)

Targeting

☐ Expanded targeting ⓘ

☐ Automatic interests      1 interest selected

> ☐ Health

▼ ☒ Home Decor

    > ☐ Ceiling

    > ☐ Door

☐ Entrance

    > ☐ Exterior

    > ☐ Flooring

☒ Furniture

    > ☐ Home Accessories

☐ All ages

☐ 18-24    ☒ 25-34    ☒ 35-44    ☐ 45-49  
☐ 50-54    ☐ 55-64    ☐ 65+

**Audience**

Who should see your ad?

People you choose through targeting ☐

Tuntum ☒

**Audience details** ⓘ

Location – Living in Austria, Belgium, Switzerland, France, United Kingdom, Netherlands, Norway

Age 18-40

People who match Interests: Interior design or Furniture, Life Event: Newly engaged (1 year), Newlywed (6 months) or Recently moved

## Appendix 11 – Total shipping costs for each piece of the collection

# Shipping Costs

## Regular shipping

Land/Marine



### Sofia

Weight 23 Kgs  
Dim. 100x100x65 cms

<b>Zone 1</b>	70 €
<b>Zone 2</b>	120 €
<b>Zone 3</b>	170 €
<b>Zone 4</b>	210 €



### Scriba

Weight 40 Kgs  
Dim. 110x40x60 cms

<b>Zone 1</b>	110 €
<b>Zone 2</b>	150 €
<b>Zone 3</b>	150 €
<b>Zone 4</b>	210 €



### Irene

Weight 53 Kgs  
Dim. 135x61x53 cms

<b>Zone 1</b>	160 €
<b>Zone 2</b>	220 €
<b>Zone 3</b>	220 €
<b>Zone 4</b>	240 €



### Helena

Weight 35 Kgs  
Dim. 115x25x80 cms

<b>Zone 1</b>	80 €
<b>Zone 2</b>	140 €
<b>Zone 3</b>	140 €
<b>Zone 4</b>	160 €



### Ritmo

Weight 35 Kgs  
Dim. 100x51x41 cms

<b>Zone 1</b>	85 €
<b>Zone 2</b>	160 €
<b>Zone 3</b>	160 €
<b>Zone 4</b>	175 €

## Appendix 12 – Detailed expected manufacturing costs of each piece (Year 1, 2 and 3)

Year 1					
Manufacturing costs	Scriba	Irene	Ritmo	Helena	Sofia
Factory cost (Ash)	460,00 €	520,00 €	440,00 €	550,00 €	400,00 €
Factory cost (Oak)	560,00 €	630,00 €	540,00 €	670,00 €	500,00 €
Burel	40,00 €	25,00 €	- €	- €	35,00 €
Other parts	15,00 €	10,00 €	- €	- €	15,00 €
Seamstress	30,00 €	30,00 €	- €	- €	30,00 €
Speakers & parts	- €	- €	65,00 €	- €	- €
Wheels	- €	- €	- €	- €	12,00 €
Packaging	50,00 €	50,00 €	40,00 €	40,00 €	30,00 €
<b>Total Ash</b>	595,00 €	635,00 €	545,00 €	590,00 €	522,00 €
<b>Total Oak</b>	695,00 €	745,00 €	645,00 €	710,00 €	622,00 €
					<b>Average</b>
					577,40 €
					683,40 €
					630,40 €

Year 2					
Manufacturing costs	Scriba	Irene	Ritmo	Helena	Sofia
Factory cost (Ash)	430,00 €	490,00 €	410,00 €	520,00 €	370,00 €
Factory cost (Oak)	530,00 €	600,00 €	510,00 €	640,00 €	470,00 €
Burel	35,00 €	20,00 €	- €	- €	30,00 €
Other parts	15,00 €	10,00 €	- €	- €	15,00 €
Seamstress	25,00 €	25,00 €	- €	- €	25,00 €
Speakers & parts	- €	- €	55,00 €	- €	- €
Wheels	- €	- €	- €	- €	12,00 €
Packaging	40,00 €	40,00 €	30,00 €	30,00 €	30,00 €
<b>Total Ash</b>	545,00 €	585,00 €	495,00 €	550,00 €	482,00 €
<b>Total Oak</b>	645,00 €	695,00 €	595,00 €	670,00 €	582,00 €
					<b>Average</b>
					531,40 €
					637,40 €
					584,40 €

Year 3					
Manufacturing costs	Scriba	Irene	Ritmo	Helena	Sofia
Factory cost (Ash)	400,00 €	460,00 €	380,00 €	490,00 €	340,00 €
Factory cost (Oak)	500,00 €	570,00 €	480,00 €	610,00 €	440,00 €
Burel	30,00 €	15,00 €	- €	- €	25,00 €
Other parts	15,00 €	10,00 €	- €	- €	15,00 €
Seamstress	20,00 €	20,00 €	- €	- €	20,00 €
Speakers & parts	- €	- €	50,00 €	- €	- €
Wheels	- €	- €	- €	- €	12,00 €
Packaging	35,00 €	35,00 €	25,00 €	25,00 €	25,00 €
<b>Total Ash</b>	500,00 €	540,00 €	455,00 €	515,00 €	437,00 €
<b>Total Oak</b>	600,00 €	650,00 €	555,00 €	635,00 €	537,00 €
					<b>Average</b>
					489,40 €
					595,40 €
					542,40 €

## Appendix 13 – Expected selling price of each piece

Selling Prices	Scriba	Irene	Ritmo	Helena	Sofia	Average
Final price (Ash)	833,00 €	889,00 €	763,00 €	826,00 €	730,80 €	808,36 €
Final price (Oak)	973,00 €	1 043,00 €	903,00 €	994,00 €	870,80 €	956,76 €
						882,56 €
Year 1 Mark-up				40%		
B2B/direct contact discount				15%	B2B	750,18 €

## Appendix 14 – Detailed expected revenues (Year 1, 2 and 3)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
<b>Revenues</b>					
<b>E-commerce Website</b>					
Pieces of Furniture Sold	20	24	29	35	108
Average Selling Price	883 €	883 €	883 €	883 €	883 €
<b>Revenue</b>	17 651 €	21 181 €	25 594 €	30 890 €	95 316 €
<b>Online Marketplaces (Etsy, Archiproductions)</b>					
Pieces of Furniture Sold	10	11	13	15	49
Average Selling Price	883 €	883 €	883 €	883 €	883 €
<b>Revenue</b>	8 826 €	9 708 €	11 473 €	13 238 €	43 245 €
<b>Direct Contact (B2B, Contact List)</b>					
Pieces of Furniture Sold	5	6	8	10	29
Average Selling Price	750 €	750 €	750 €	750 €	750 €
<b>Revenue</b>	3 751 €	4 501 €	6 001 €	7 502 €	21 755 €
<b>Total Revenues</b>	30 228 €	35 391 €	43 069 €	51 630 €	160 317 €

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
<b>Revenues</b>					
<b>E-commerce Website</b>					
Pieces of Furniture Sold	42	51	62	75	230
Average Selling Price	883 €	883 €	883 €	883 €	883 €
<b>Revenue</b>	37 068 €	45 011 €	54 719 €	66 192 €	202 989 €
<b>Online Marketplaces (Etsy, Archiproductions)</b>					
Pieces of Furniture Sold	17	19	21	24	81
Average Selling Price	883 €	883 €	883 €	883 €	883 €
<b>Revenue</b>	15 004 €	16 769 €	18 534 €	21 181 €	71 487 €
<b>Direct Contact (B2B, Contact List)</b>					
Pieces of Furniture Sold	12	15	18	22	67
Average Selling Price	750 €	750 €	750 €	750 €	750 €
<b>Revenue</b>	9 002 €	11 253 €	13 503 €	16 504 €	50 262 €
<b>Total Revenues</b>	61 073 €	73 032 €	86 756 €	103 877 €	324 738 €

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
<b>Revenues</b>					
<b>E-commerce Website</b>					
Pieces of Furniture Sold	90	108	130	156	484
Average Selling Price	883 €	883 €	883 €	883 €	883 €
<b>Revenue</b>	79 430 €	95 316 €	114 733 €	137 679 €	427 159 €
<b>Online Marketplaces (Etsy, Archiproductions)</b>					
Pieces of Furniture Sold	27	30	33	37	127
Average Selling Price	883 €	883 €	883 €	883 €	883 €
<b>Revenue</b>	23 829 €	26 477 €	29 124 €	32 655 €	112 085 €
<b>Direct Contact (B2B, Contact List)</b>					
Pieces of Furniture Sold	27	33	40	48	148
Average Selling Price	750 €	750 €	750 €	750 €	750 €
<b>Revenue</b>	20 255 €	24 756 €	30 007 €	36 008 €	111 026 €
<b>Total Revenues</b>	123 514 €	146 549 €	173 864 €	206 343 €	650 270 €

## Appendix 15 – Detailed expected costs (Year 1, 2 and 3)

Costs	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
<b>Cost of Goods Sold (COGS)</b>					
Pieces of Furniture Sold	35	41	50	60	186
Average Cost	630 €	630 €	630 €	630 €	630 €
<b>Total COGS</b>	<b>22 064 €</b>	<b>25 846 €</b>	<b>31 520 €</b>	<b>37 824 €</b>	<b>117 254 €</b>
<b>Personnel</b>					
Owner					- €
Marketing (social media, analytics, SEO,...)					- €
Sales (attract customers, CRM, attend fairs,...)					- €
<b>Total Salary Expenditures</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>Marketplace fees (Etsy, Archiproducts)</b>					
Revenue from Marketplaces	8 826 €	9 708 €	11 473 €	13 238 €	43 245 €
<b>Total Marketplace fees</b>	<b>618 €</b>	<b>680 €</b>	<b>803 €</b>	<b>927 €</b>	<b>3 027 €</b>
<b>Marketing</b>					
Social Media Ads (Pinterest, Instagram)	2 941 €	3 235 €	3 559 €	3 915 €	13 650 €
Platform Subscription (Architonic)	1 000 €	1 000 €	1 000 €	1 000 €	4 000 €
Furniture/Decoration Fairs (including M&O)	5 000 €	5 000 €	5 000 €	5 000 €	20 000 €
<b>Total Marketing Spending</b>	<b>8 941 €</b>	<b>9 235 €</b>	<b>9 559 €</b>	<b>9 915 €</b>	<b>37 650 €</b>
<b>Miscellaneous</b>					
Office Rent & Utilities					- €
Legal & Account	500 €	500 €	500 €	500 €	2 000 €
Shopify Subscription	80 €	80 €	80 €	80 €	320 €
<b>Total Miscellaneous Expenditures</b>	<b>580 €</b>	<b>580 €</b>	<b>580 €</b>	<b>580 €</b>	<b>2 320 €</b>
<b>Total Costs</b>	<b>32 203 €</b>	<b>36 341 €</b>	<b>42 462 €</b>	<b>49 245 €</b>	<b>160 252 €</b>

Costs	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
<b>Cost of Goods Sold (COGS)</b>					
Pieces of Furniture Sold	71	85	101	121	378
Average Cost	584 €	584 €	584 €	584 €	584 €
<b>Total COGS</b>	<b>41 492 €</b>	<b>49 674 €</b>	<b>59 024 €</b>	<b>70 712 €</b>	<b>220 903 €</b>
<b>Personnel</b>					
Owner					- €
Marketing (social media, analytics, SEO,...)	3 000 €	3 000 €	3 000 €	3 000 €	12 000 €
Sales (attract customers, CRM, attend fairs,...)					- €
<b>Total Salary Expenditures</b>	<b>3 000 €</b>	<b>3 000 €</b>	<b>3 000 €</b>	<b>3 000 €</b>	<b>12 000 €</b>
<b>Marketplace fees (Etsy, Archiproducts)</b>					
Revenue from Marketplaces	15 004 €	16 769 €	18 534 €	21 181 €	71 487 €
<b>Total Marketplace fees</b>	<b>1 050 €</b>	<b>1 174 €</b>	<b>1 297 €</b>	<b>1 483 €</b>	<b>5 004 €</b>
<b>Marketing</b>					
Social Media Ads (Pinterest, Instagram)	4 306 €	4 737 €	5 210 €	5 732 €	19 985 €
Platform Subscription (Architonic)	1 000 €	1 000 €	1 000 €	1 000 €	4 000 €
Furniture/Decoration Fairs (including M&O)	5 000 €	5 000 €	5 000 €	5 000 €	20 000 €
<b>Total Marketing Spending</b>	<b>10 306 €</b>	<b>10 737 €</b>	<b>11 210 €</b>	<b>11 732 €</b>	<b>43 985 €</b>
<b>Miscellaneous</b>					
Office Rent & Utilities	2 000 €	2 000 €	2 000 €	2 000 €	8 000 €
Legal & Account	500 €	500 €	500 €	500 €	2 000 €
Shopify Subscription	80 €	80 €	80 €	80 €	320 €
<b>Total Miscellaneous Expenditures</b>	<b>2 580 €</b>	<b>2 580 €</b>	<b>2 580 €</b>	<b>2 580 €</b>	<b>10 320 €</b>
<b>Total Costs</b>	<b>58 429 €</b>	<b>67 165 €</b>	<b>77 112 €</b>	<b>89 507 €</b>	<b>292 212 €</b>

Costs	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
<b>Cost of Goods Sold (COGS)</b>					
Pieces of Furniture Sold	144	171	203	241	759
Average Cost	542 €	542 €	542 €	542 €	542 €
<b>Total COGS</b>	<b>78 106 €</b>	<b>92 750 €</b>	<b>110 107 €</b>	<b>130 718 €</b>	<b>411 682 €</b>
<b>Personnel</b>					
Owner	10 000 €	10 000 €	10 000 €	10 000 €	40 000 €
Marketing (social media, analytics, SEO,...)	4 000 €	4 000 €	4 000 €	4 000 €	16 000 €
Sales (attract customers, CRM, attend fairs,...)	3 000 €	3 000 €	3 000 €	3 000 €	12 000 €
<b>Total Salary Expenditures</b>	<b>17 000 €</b>	<b>17 000 €</b>	<b>17 000 €</b>	<b>17 000 €</b>	<b>68 000 €</b>
<b>Marketplace fees (Etsy, Archiproducts)</b>					
Revenue from Marketplaces	23 829 €	26 477 €	29 124 €	32 655 €	112 085 €
<b>Total Marketplace fees</b>	<b>1 668 €</b>	<b>1 853 €</b>	<b>2 039 €</b>	<b>2 286 €</b>	<b>7 846 €</b>
<b>Marketing</b>					
Social Media Ads (Pinterest, Instagram)	6 305 €	6 935 €	7 629 €	8 392 €	29 260 €
Platform Subscription (Architonic)	1 000 €	1 000 €	1 000 €	1 000 €	4 000 €
Furniture/Decoration Fairs (including M&O)	5 000 €	5 000 €	5 000 €	5 000 €	20 000 €
<b>Total Marketing Spending</b>	<b>12 305 €</b>	<b>12 935 €</b>	<b>13 629 €</b>	<b>14 392 €</b>	<b>53 260 €</b>
<b>Miscellaneous</b>					
Office Rent & Utilities	2 000 €	2 000 €	2 000 €	2 000 €	8 000 €
Legal & Account	500 €	500 €	500 €	500 €	2 000 €
Shopify Subscription	80 €	80 €	80 €	80 €	320 €
<b>Total Miscellaneous Expenditures</b>	<b>2 580 €</b>	<b>2 580 €</b>	<b>2 580 €</b>	<b>2 580 €</b>	<b>10 320 €</b>
<b>Total Costs</b>	<b>111 658 €</b>	<b>127 119 €</b>	<b>145 355 €</b>	<b>166 976 €</b>	<b>551 108 €</b>



## Appendix 16 – Expected Profit & Loss (Year 1, 2 and 3)

<b>Profit &amp; Loss</b>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
<b>Revenues</b>	30 228 €	35 391 €	43 069 €	51 630 €	160 317 €
COGS	22 064 €	25 846 €	31 520 €	37 824 €	117 254 €
<b>Gross Profit</b>	8 164 €	9 544 €	11 549 €	13 806 €	43 063 €
Operating Expenses	10 139 €	10 495 €	10 942 €	11 421 €	42 997 €
<b>Operating Profit (or Loss)</b>	- 1 975 €	- 951 €	607 €	2 384 €	65 €
Tax rate	30%	30%	30%	30%	30%
Taxes	- €	- €	- €	- €	- €
<b>Net Income</b>	- 1 975 €	- 951 €	607 €	2 384 €	65 €

<b>Profit &amp; Loss</b>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
<b>Revenues</b>	61 073 €	73 032 €	86 756 €	103 877 €	324 738 €
COGS	41 492 €	49 674 €	59 024 €	70 712 €	220 903 €
<b>Gross Profit</b>	19 581 €	23 358 €	27 731 €	33 165 €	103 835 €
Operating Expenses	16 936 €	17 491 €	18 088 €	18 794 €	71 309 €
<b>Operating Profit (or Loss)</b>	2 644 €	5 867 €	9 643 €	14 371 €	32 526 €
Tax rate	30%	30%	30%	30%	30%
Taxes	813 €	1 760 €	2 893 €	4 311 €	9 758 €
<b>Net Income</b>	1 831 €	4 107 €	6 750 €	10 059 €	22 768 €

<b>Profit &amp; Loss</b>	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
<b>Revenues</b>	123 514 €	146 549 €	173 864 €	206 343 €	650 270 €
COGS	78 106 €	92 750 €	110 107 €	130 718 €	411 682 €
<b>Gross Profit</b>	45 409 €	53 799 €	63 757 €	75 624 €	238 589 €
Operating Expenses	33 553 €	34 369 €	35 247 €	36 257 €	139 426 €
<b>Operating Profit (or Loss)</b>	11 856 €	19 430 €	28 510 €	39 367 €	99 163 €
Tax rate	30%	30%	30%	30%	30%
Taxes	3 557 €	5 829 €	8 553 €	11 810 €	29 749 €
<b>Net Income</b>	8 299 €	13 601 €	19 957 €	27 557 €	69 414 €

## Appendix 17 – Photoshoot of the new furniture collection

